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Book Review: *Why Does College Cost So Much?*

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In an era when the sensationalism of the college affordability "crisis" pervades the public discourse on higher education, Professors Robert B. Archibald and David H. Feldman offer a thoughtful and well-reasoned economic argument for pause, calm, and reflection. *Why Does College Cost So Much?* situates higher education firmly within the larger economic and historical context of the United States and convincingly argues that college costs have not skyrocketed beyond control; rather, they have mirrored the price behavior of other personal services offered by highly skilled, highly educated service providers.

Archibald and Feldman explore the dominant framing informing how constituents of higher education rationalize the drivers of college costs and list prices – from declining state support, to prestige races, to competing policymaker priorities, and a general lack of accountability in the sector. The authors point to three major (and they argue under-discussed) factors that explain increasing costs in American higher education.

First, adoption of new technologies has contributed to a rise in the need for more employees, retraining of current employees, and development of specialized skills to take advantage of innovations. Technological adoptions in higher education are typically complements to but not substitutes for existing practices, driving costs upwards rather than downward; the opposite of what is seen in other sectors of the economy. Second, growth in educational attainment in the U.S. has failed to keep pace with demand for skilled workers, placing a premium on graduates and limiting the price sensitivity of current and potential students. Finally, an offshoot of technological advances, the important goal of – and incentive structure for – instructional quality is incongruent with the goal of efficiency and productivity; it does not follow that more effective learning strategies are necessarily cheaper strategies. The authors conclude by delineating the differences in costs, prices, and subsidy mechanisms that have been largely convoluted, complex, and have failed to meet the financial assistance objectives set forth in the Higher Education Act of 1965.

The text wonderfully wades through anecdotes and popular narratives to describe the empirical state of higher education costs, and offers important, thoughtful practice contributions with significant policy recommendations and commentary on trade-offs. The authors conclude that the main perpetrator for rising costs in higher education is economic growth itself, and while they make note that a high-quality postsecondary education may be out of reach for some, there is no reason to panic today or maybe even next year, as higher education won't drive off the funding cliff anytime soon.

Highlight Salient Themes and Key Points

Much of the first part of the book revolves around changes in technology or technological progress. While technology has enriched, and in some cases, even revolutionized the nature of teaching and learning, it has added new layers of cost, which will continue to challenge institutional leaders and public officials over time. This underscores the hesitance some institutional leaders have experienced with technological advances (e.g., online and distance learning). The authors submit to the notion that digital learning advances productivity (i.e., allows institutions to teach more students with fewer resources), provides instructional versatility, and creates some autonomy in the service provider's time; however, the function is underutilized because of the perception that it compromises the quality of service.

The authors spend the second part of the text comparing higher education to other industries, interweaving their narrative with distinctive characteristics of higher education that dilute sector-to-sector analysis. A noteworthy ancillary argument to the authors' larger point of the lack of innovation in postsecondary education, Archibald and Feldman call on H. R. Bowen's "revenue theory of cost," to posit that higher education costs are driven by a foundational incentive structure. At its core is the notion that institutional expenditures will rise to meet revenues. Since most higher education institutions are non-profits, they can be counted on to spend every dollar they can get. Thus, unlike most other businesses, where they minimize costs, colleges don't gain from lowering their costs as it can be harmful to measures of institutional prestige. Faculty members and administrators respond to the incentives they face, and those incentives are incongruent with the policymaker's interest in productivity and efficiency.

Moreover, whereas restaurants or car dealerships privilege those that can buy and keep buying their services and products with little regard to the demographic composition of the consumer base, most colleges and universities, on the other hand, care deeply about crafting the right student body. Institutional administrators want to create a diverse and enriching educational environment for all students, and the incentive structures they face in large part reinforce this desire, as market preferences, particularly among elites, suggest diversity is a comparative advantage in the race for prestige. Price discounting and merit scholarships are the tools that allow a school to select that incoming class carefully - even if they contribute to administrative inefficiencies and fiscal waste when framed through an economic lens.

Acknowledging the wide-ranging policy issues impacting higher education, the authors pivot in the third part of the book toward discussing changes in costs of higher education and their effect on what students and families actually pay. They present a lucid lesson in tuition setting in a way that allows the reader to understand the role of federal and state subsidies in the pricing scheme of higher education and how this scheme has evolved over time.

The declining percentage of costs covered by state appropriations reflects the popular notion that institutions have transferred costs over to students and families, thus feeling the squeeze when supporting college-going aspirations – a point well covered in the authors' analysis.

Evaluate the Strengths and Weaknesses of the Overall Impact/Quality

The contributions of this book are many, ranging from the strong empirical analysis, to the thought-provoking commentary on popular policy discussions, to the insightful recommendations. The authors present important insights to the large and nuanced problems and challenges policymakers and institutional leaders face in trying to address college affordability as a public policy issue. The book suggests that experts and critics alike have unfortunately made little meaningful progress in addressing some of these critical challenges. Costs continue to rise, affordability continues to decline for most families, and public and expert understanding of the reasons remain largely unchanged. A significant contribution could be made to policymaking and college administration were more people to read this book.

Yet despite its many contributions, the authors include little discussion or acknowledgement of how students and families actually understand and *feel* about the signals and messages they interpret regarding college costs. The authors begin their illustration of the higher education landscape by the adage, "where you sit affects what you see." As two tenured university professors of a prestigious, four-year public university, a well-informed reader can't help but think their current "seat" influences what they see. The authors sometimes "explain away" declining affordability, while the constant comparison to healthcare and homeownership unveils a slight insensitivity to the fact that quality healthcare and quality, affordable housing remain largely out of grasp for a substantial portion of Americans today.

As expected, the authors' arguments are purely economic, and rationalize the higher education cost landscape through a purely economic lens. They view the processes of college education from an economist's point of view, benefiting from methods and concepts germane to economists. This view enlightens the reader, viewing issues such as policymaking and funding as economic, in addition to being a social and political phenomena. This may be a myopic way of viewing education, making little mention of the very real pressures institutional leaders and policymakers face from external constituents while provisioning a sound policy agenda, balancing access, quality, and affordability. This view also negates the pinch students and families feel when seeking ways to fund their college aspirations among competing priorities.

Moreover, the book falls short of incorporating the full breadth of postsecondary education offerings into its analysis. They privilege their view atop the ivory tower of The College of William and Mary, while giving, at best, a cursory acknowledgement of institutions that typically do not have the luxuries and amenities that policymakers would consider drive costs: institutions such as community colleges, Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, or voc-tech centers. These are places where college costs and prices are not just increased burdens on enrollment; they are impediments to enrollment at all.

When the authors do refer to community colleges, it is largely to discuss deficiencies or highlight differences in student learning and employment outcomes. The text also makes little mention of tuition inflation at for-profit institutions, many of which do not succumb to the factors that, according to the authors' analysis, are forcing public institutions to increase their prices.

The authors also provide a good understanding of the social undercurrents outside of higher education and suggest that the industry is simply mirroring them. This observation provokes the question: Should higher education simply reflect the broader economic and social undercurrents such as inequality or the rising costs of personal services, or should higher education be "better" than society? Perhaps beyond the scope of the book, but the question is worthy of consideration, given the public and societal benefits institutional leaders and mission statements espouse in public discussions on higher education; it would have been additive had the authors reflected on this question themselves.

Identify Its Contributions to Policy and Practice

Overall, the book is cogent, well reasoned, and substantially supported with data. The offering could be readily understood by a wide audience, a significant achievement given both the complexity of the issues at hand and the diversity of parties interested in college costs and prices.

The authors' recommendation of simplifying the federal financial aid system by establishing a universal, matched college savings program is insightful, although not entirely original. One can point to the work of the New American Foundation's Asset Building Program, or review City of San Francisco's Kindergarten to College savings program to see explorations along similar lines. Research shows that students and parents with savings indeed see college as being a viable part of our future, before becoming deeply entangled in the financial aid process. Such an approach would increase students' and families' autonomy in the market, and would probably increase institutional competition for student tuition dollars, which may lend to some positive gains toward efficiency and productivity.

While redesigning financial aid may not completely curtail college costs, if fixed, it could be very important. The authors argue that the biggest problem with our current federal financial aid programs is their complexity. The authors call for a better financial aid process, which would be simple and universal, pointing to the Georgia HOPE Scholarship program as one example at the state level that is very popular and effective, and recommend the replication of such merit-based programs. They point to the program's universality and simplicity, enough for high school students and their parents to know about it and explain it, with no complex application process and no uncertainty about the benefit.

Acknowledging substantial research confirming the deleterious effects merit-based programs have on students with the most financial need, and the inefficiency of giving aid to students who don't need it, the authors are clear about their comfort with this trade-off. The trade-off lies when the benefits of simplicity and universality must be weighed against aid programs with even greater inefficiency. They point to the current Pell Grant program as a means-tested process that directs public funds where they are most needed and highlight the vast inefficiencies with the Pell Grant program as currently operated. Then again, efficiency isn't the intent of most federal financial aid programs, so judging them by this standard and finding them wanting isn't surprising.

Finally, readers should take note of the macro-issue framing of the main policy objectives developed over the time of the authors' analysis: the constant juggle to (a) increase access; (b) improve quality; and (c) contain, if not decrease, costs. The authors paint a bleak outlook for institutional leaders or policymakers seeking to attain any more than two of these objectives at any given time. Given their analysis, the authors find it unlikely that institutions or state systems would ever achieve all three concurrently. Price controls on tuition will likely give way to one of the other two objects. Either the government has to increase spending on subsidies, or the quality of the education schools will be able to deliver will be tarnished; we have not found the silver bullet to decrease expenditures while increasing learning and other desired outcomes. As such, it seems likely we will continue to read and hear about the crisis of college affordability.